19

STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2015-16)

SIXTEENTH LOK SABHA

MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF FERTILIZERS)

[Action Taken by the Government on the Observations/Recommendations contained in the Eleventh Report of the Standing Committee on Chemicals and Fertilizers (Sixteenth Lok Sabha) on Subject Movement of Fertilizers And Monitoring System) Ministry of Chemicals and Fertilizers (Department of Fertilizers)]

REPORT

LOK SABHA SECRETARIAT
NEW DELHI

FEBRUARY, 2016/ PHALGUNA , 1937 (SAKA)

CC&F No.19

NINETEENTH REPORT

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[Action Taken by the Government on the Observations/Recommendations contained in the Eleventh Report of the Standing Committee on Chemicals and Fertilizers (Sixteenth Lok Sabha) on Subject Movement of Fertilizers And Monitoring System) Ministry of Chemicals and Fertilizers (Department of Fertilizers)]

Presented to Lok Sabha on 25.02.2016

Laid in Rajya Sabha on 25.02.2016

LOK SABHA SECRETARIAT
NEW DELHI

FEBRUARY, 2016/ PHALGUNA, 1937 (SAKA)

CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE (2015-16) ……..		(iii)
Introduction. ……		(v)
Chapter I	Report ……..	6-27
Chapter II	Observations / Recommendations which have been accepted by the Government	28-34
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	35
Chapter IV	Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee	36-38
Chapter V	Observations / Recommendations in respect of which final replies of the Government are still awaited	39-45
APPENDICES		
I.	Minutes of Eighth Sitting of the Standing Committee on Chemicals & Fertilizers (2015-16) held on 28 January, 2016	46
II.	Analysis of Action Taken by the Government on the recommendations contained in the Eleventh Report (16th Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2014-15) of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).	47

COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16)

Shri Anandrao Adsul - Chairperson	
MEMBERS LOK SABHA	
2.	Shri Idris Ali
3.	Smt. Anju Bala
4.	Shri B.N. Chandrappa
5.	Shri Sankar Prasad Datta
6.	Smt. Veena Devi
7.	Shri R.Dhruvanarayana
8.	Shri Innocent
9.	Shri K. Ashok Kumar
10.	Shri Kamalbhan Singh Marabi
11.	Shri Chhedi Paswan
12.	Smt. Kamala Devi Patle
13.	Shri Rajendran S.
14.	Shri Kotha Prabhakar Reddy
15.	Shri Chandu Lal Sahu
16.	Dr. Kulamani Samal
17.	Dr. Uma Saren
18.	Dr. Krishna Pratap Singh
19.	Shri Taslimuddin
20.	Smt. Rekha Arun Verma
21.	Shri Baker George
RAJYA SABHA	
22.	Shri Biswajit Daimary
23.	Dr. M.S. Gill
24.	Shri Sanjay Dattatraya Kakade
25.	Shri Mansukh L. Mandaviya
26.	Shri Narayan Lal Panchariya
27.	Shri K. Parasaran
28.	Shri Garikapati Mohan Rao
29.	Shri Palvai Govardhan Reddy
30.	Dr. Sanjay Sinh
31.	Shri Abdul Wahab

SECRETARIAT

1. Smt. Rashmi Jain - Joint Secretary
2. Shri Anil Kumar Srivastava - Director
3. Shri Nishant Mehra - Under Secretary

INTRODUCTION

I, the Chairperson Standing Committee on Chemicals and Fertilizers (2015-16) having been authorised by the Committee to present the Report on their behalf, present this Nineteenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Eleventh Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2014-2015) on the subject Movement of Fertilizers and Monitoring System of the Ministry of Chemicals and Fertilizers (Department of Fertilizers).

2. The Eleventh Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 31.07.2015 and laid in Rajya Sabha on 24.07.2015. The Action Taken replies of Government to all observations/recommendations contained in the Report were received on 18.11.2015. The Standing Committee on Chemicals and Fertilizers(2015-16) considered and adopted this Report on Action Taken Replies at their sitting held on 28 January, 2016..

3. An analysis of the Action Taken by the Government on the observations/recommendations contained in the Eleventh Report (Sixteenth Lok Sabha) of the Committee is given in Appendix-II.

4. For facility of reference and convenience, the comments of the Committee have been printed in bold letters in the body of the Report.

NEW DELHI;
18 FEBRUARY, 2016
29 PHALGUNA, 1937 (SAKA)

(ANANDRAO ADSUL)
CHAIRPERSON
STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS

REPORT

CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers (2015-16) deals with the action taken by the Government on the Observations/Recommendations contained in the Eleventh Report (Sixteenth Lok Sabha) of the Committee on 'Movement of Fertilizers and Monitoring System' of the Ministry of Chemicals & Fertilizers (Department of Fertilizers) which was presented to Lok Sabha on 31.07.2015 and laid in Rajya Sabha on 24.07.2015. In all, the Committee made 10 Observations / Recommendations in the Report.

1.2 The Ministry of Chemicals & Fertilizers (Department of Fertilizers) were requested to furnish replies to the Observations / Recommendations contained in the Eleventh Report within three months from the date of presentation of the Report, i.e., by 30.10.2015. The Action Taken Replies of the Government in respect of all the 10 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers (Department of Fertilizers) vide their O.M. No.H-11021/9/2014-Parl. dated 18.11.2015. These Replies have been examined and categorized as follows:-

(i) Observations/Recommendations that have been accepted by the Government:

Sl.Nos. 1,2,4 and 5 (Total =04)
Chapter II

(ii) Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply :

Sl.No. Nil (Total =Nil)
Chapter III

(iii) Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee :

Sl.No. 10 (Total =01)
Chapter IV

(iv) Observations / Recommendations in respect of which final replies of the Government are of still awaited:

Sl.No. 3,6,7,8 and 9 (Total =05)
Chapter V

1.3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I, Chapter IV in respect of which replies of the

Government have not been accepted by the Committee and Chapter V for which final replies are still awaited, of this Report, should be furnished expeditiously.

1.4 The Committee will now deal with action taken by the Government on some of their Observations/Recommendations which still require reiteration or merit comments.

A. Need to ensure realistic assessment of fertilizers required by the States

RECOMMENDATIONS Sl. Nos.1 & 2

1.5 Emphasizing the need to ensure realistic assessment of fertilizers, the Committee had recommended as under:-

A. FERTILIZER ASSESSMENT

"The Committee note that on an average about 30 to 32 MMT of urea is required annually to meet the requirement of the farmers. Annual requirement of DAP and NPK is about 10 MMT each and that of MOP is about 3 MMT. The domestic production of DAP and NPK is about 4 MMT and 7 MMT respectively. There is no domestic production of MOP. The country is 90% import dependent for P&K fertilizers either in finished form or raw material. The assessment of the requirement of fertilizers i.e. Urea, DAP, MOP and NPK for each season is finalized by Department of Agriculture and Cooperation (DAC) in consultation with Department of Fertilizers, States, Railways, Fertilizers Association of India, Companies and other Stake holders. For this purpose, biannual Zonal Conferences are held before start of each cropping season i.e. Kharif (April to September) and Rabi (October to March). The country is divided into five zones based on geographical location namely North, South, West, East and North-East in the context of Biannual Zonal Conferences. Before Zonal Conference, the Ministry of Chemicals and Fertilizers advises States that detailed consultations should be done with Lead Fertilizer suppliers, farmers, Panchayat/Block Samitis etc. while computing the requirement of fertilizers. According to the Department, the requirement of fertilizers depends upon many factors such as cropping pattern, cropped area, requirement of nutrients in soil as per soil health status & recommended doses, irrigated area, consumption pattern etc. Information in respect of cropped area, irrigated area, cropping pattern is compiled by States at the level of block and information regarding requirement of nutrients as per soil health status etc is compiled by the States Government at the level of Districts. Accordingly, Department of Agriculture & Cooperation (DAC) has devised various formats/proforma and these proforma are circulated to States before Zonal Conference. States compile their data as per the parameters/details defined in these proforma and project the requirement of fertilizers. Thereafter, the requirement is finalized in these Zonal Conferences in consultation with stakeholders namely States, Department of Fertilizers, Lead Fertilizer Suppliers, Fertilizer Association of India (FAI) and NIC. It has also been informed that Agro scientists of Indian Council of Agriculture Research (ICAR) are involved in the process of assessment of requirement of fertilizers. So far, the detailed examination of requirement of fertilizers based on requirement of nutrients as per soil health status and recommended doses has been carried out in consultation with ICAR for high fertilizer consuming states namely Andhra Pradesh, Telangana, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Punjab, Haryana, Uttar Pradesh. Outcome of the said examination is taken in to account while finalizing the requirement of fertilizers of these states. Similar

exercise is also being conducted for another five states namely Jharkhand, Odisha, Bihar, West Bengal and Tamil Nadu.

In view of the foregoing, the Committee observed that it would be essential that the data furnished by the States as per Performa devised by the DAC to project the requirement of fertilizers by the States reflects the ground realities and therefore, it would be essential that data furnished by the States are thoroughly examined by the Department with a view to ensure realistic assessment of requirement of fertilizers by the States . If felt necessary the Performa devised for the purpose could be further revised on the basis of the experience gained over the years. The Committee, therefore, desire that all the issues/factors relating to computation of requirement of fertilizers may be thoroughly and meticulously examined/deliberated by the Department in consultation with all concerned in zonal conferences held for the purpose.

The Committee further observed that attempts are being made to assess the requirement of fertilizers in a scientific and realistic manner. Agro-scientists of ICAR are also being involved in the process of assessment of requirement of fertilizers. However, the fact remains that the several states of the country still remain uncovered by the Agro scientists for assessment of requirement of fertilizers as per soil health status. In the absence of soil health status in respect of large number of States, the Committee are of the view that it would be difficult to compute the actual requirement of nutrients for various crops. The Committee, therefore, recommend that exercise undertaken by the Agro scientists may be intensified for all the States of the country in order to get relevant and accurate information about the nutrients based soil health status to arrive at accurate demand of the fertilizers in the country. Further, the Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

B. Assessed requirement and consumption of Fertilizers

The examination of last three years data furnished by the Department to the Committee revealed that there was consistent gap between Sale (consumption) and assessed requirements of fertilizers. As for illustration, during Kharif 2014, the projected requirement of urea was 146.60 LMT against which the actual consumption (sale) was only 139.97 LMT. For Rabi 2014-15, while the projected requirement of urea was 160.11 LMT, the actual consumption (sale) was 168.79 LMT. Further, the projected requirement of DAP, MOP and NPK for Kharif 2014 was 48.07 LMT, 14.85 LMT and 49.60 LMT respectively against which the actual consumption (sale) was 37.05 LMT , 14.12 LMT and 38.92 LMT 40 respectively. For Rabi 2014-15, the projected requirement of DAP, MOP and NPK was 47.87 LMT, 15.41 LMT and 50.22 LMT respectively against which the actual consumption (sale) of fertilizers was 38.53 LMT, 13.68 LMT and 47.06 LMT respectively. All these figures clearly shows that there is variation in actual consumption figures of major fertilizers vis-a-vis the projected requirement. In fact it has been found that by and large, the actual consumption (sale) of fertilizers is considerably less than the projected requirement of fertilizers. This clearly reveals that the existing methodology adopted for assessment of fertilizers is not meticulous and scientific and still needs further improvement. The Committee are not convinced with the explanation of the Department that the assessment of demand for fertilizers by the States is generally on safer side and hence there is a tendency to over estimation. The assessed demand for fertilizers is based on ideal conditions whereas due to changes in actual sown area, pattern of rainfall and other conditions prevailing during the season, the demand changes. According to the Department, the seasonal projection of demand, availability and sales always remain at satisfactory

level. But there may be a minor deviation in actual sales of fertilizers month-wise against the availability and assessed demand. However, on close scrutiny of minutes of the zonal conference by the Committee reveals that the projected requirement of fertilizers by the States is primarily based on the trend of consumption of fertilizers against the requirement during the past three years which is certainly not the prudent way of computing the projected requirement of fertilizers by the States. Needless to say, it is absolutely essential that the requirement of fertilizers is computed as accurately as possible. Any variation in the projection of requirement of fertilizers may upset the whole process of planning involved in production, import, transport and timely distribution of fertilsers to the farmers and ultimately may adversely affect the agriculture productivity of the country. On the contrary, if the demand is over estimated, the same may force the Government to go for unnecessary import of fertilizers and in the process, the same may result in outgo of precious foreign exchange. In view of the foregoing, the Committee recommend that methodology being adopted for computing requirement of fertilizers of various States may be comprehensively reviewed and a methodology based on scientific approach may be adopted for realistic assessment of requirement of fertilizers. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

REPLIES OF THE GOVERNMENT

1.6 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"1. The requirement of fertilizers is governed by various factors viz. types of crop, area under the crops, soil health/fertility status. The general recommended doses of fertilizers per unit area basis (generally kg/hectare) are formulated for every crop by State Agriculture Universities/Indian Council of Agriculture Research (ICAR) institutes depending on the soil health/fertility status. (In other words, the recommended dose for a particular crop sown in soil having low fertility status will be different in soils having medium/high fertility). The total requirement of fertilizers for a particular crop is then worked out by multiplying the recommended dose with the total area under the said crop.

This Ministry requested ICAR to carry out the detailed analysis of the requirement of fertilizers based on recommended dosages for all the major fertilizer consuming States namely Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Haryana, Punjab, Uttar Pradesh, Bihar, Odisha, Jharkhand, West Bengal.

Ideally, the requirement of fertilizers shall be as per recommended doses. However, while assessing the requirement of fertilizers for a state, the consumption trend/capacity of the state in previous seasons is also taken in to account. If the consumption in previous seasons is more than the recommended dose, then the requirement should be ideally restricted up to the recommended quantity. If the consumption is less than the recommended dose, the consumption shall be increased up to the recommended quantity to arrive at the required quantity. It is also a matter of fact that the consumption of fertilizers is also governed by the financial capacity of the farmers and hence, cannot be increased suddenly. Therefore, the consumption trend in previous seasons also becomes one of the important factors while assessing the requirement of fertilizers.

The proformas for assessment of requirement of fertilizers have been devised by this Ministry by taking into account all the above said factors. Agro scientists of ICAR are also involved in the process of assessment of requirement of fertilizers.

2. In case of P&K (DAP, MOP and NPK etc.) fertilizers, high prices P&K fertilizers may be one of the major reasons for actual consumption being less than the assessed requirement rather than the deficiency in the adopted methodology.

It may also be pertinent to mention here that in case of P&K fertilizers, the assessed requirement is already being kept less than the recommended quantities keeping in view of the above stated fact.

3. To promote soil test based judicious use of fertilizers, Government of India has launched Soil Health Card (SHC) scheme in the year 2015-16. The guidelines of the scheme have been prepared in consultation with the scientists of ICAR. Under the scheme, the soil samples will be collected from a grid of 2.5 hectare in irrigated area and 10 ha in rainfed area. The soil samples will be tested for 12 parameters namely primary (NPK) nutrients, secondary (S) nutrient, micro nutrients (B, Zn, Mn, Fe & Cu), and others (pH, EC & Organic Carbon). Based on the analysis of soil samples, the Soil Health Cards containing information on fertiliser recommendations will be generated for all the 14 crore landholdings in the country.

For implementation of the scheme, Soil Health Card portal in consultation with ICAR scientists has also been developed. The test results of the soil samples will be entered in the portal. State-wise Soil Test-Crop Response (STCR) formulae developed by ICAR or crop-wise General Fertilizer Recommendations (GFR) will also be entered in the portal. Based on the soil test results and STCR formulae/GFR, fertilizer recommendations will be calculated by the system automatically.

Since the soil fertility gets changed in a time period of 3-4 years, therefore, the cycle of issue of SHCs will be repeated every three years. The first cycle of issue of SHCs has been planned to be completed by the end of the year 2017-18.

The data on landholding-wise fertilizer recommendations, available in the portal, would be utilized to project the state-wise total requirement of fertilizers. This will lead to more precise and realistic assessment of requirement of fertilizers based on scientific methodology."

COMMENTS OF THE COMMITTEE

FERTILIZER REQUIREMENT:

1.7 The Committee in order to ensure realistic assessment of requirement of fertilizers by the states recommended that all the issues/factors relating to computation of requirement of fertilizers may be thoroughly and meticulously examined/deliberated by the Department in consultation with all concerned in zonal conferences held for the purpose and if felt necessary the Performa devised for the purpose could be further revised on the basis of the experience gained over the years. The Committee had also recommended that exercise undertaken by the Agro scientists in the process of assessment of requirement of fertilizers may be intensified for all the States in the country in order to get relevant and accurate information about the nutrients based soil health status to arrive at accurate demand of the fertilizers.

In its Actions Taken reply, the Department has stated that the proformas for assessment of requirement of fertilizers have been devised by this Ministry by taking into account all the factors, like, types of crop, area under the crops, soil health/fertility status, agro scientists of ICAR are also involved in the process of assessment of requirement of fertilizers. The consumption trend/capacity of the state in previous seasons is also taken in to account. Further, the Ministry has requested ICAR to carry out the detailed analysis of the requirement of fertilizers based on recommended dosages for all the major fertilizer consuming States namely Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Haryana, Punjab, Uttar Pradesh, Bihar, Odisha, Jharkhand and West Bengal. Noting the action taken by the Department, the Committee are of the view that the current exercise undertaken by the Agro scientists is restricted to only major fertilizer consuming States, which may result in incomplete assessment of requirement of fertilizers. The Committee, therefore, strongly reiterate its earlier recommendation that exercise undertaken by the Agro scientists may be intensified for all the States in the country in order to get relevant and accurate information about accurate demand of the fertilizers in the country.

ASSESSED REQUIREMENT AND CONSUMPTION OF FERTILIZERS

1.8 The Committee after examination of the data for the last three years furnished by the Department to the Committee observed that there was consistent gap between Sale (consumption) and assessed requirements of fertilizers. There is variation in actual consumption figures of major fertilizers vis-a-vis the projected requirement. In fact, it has been found that by and large, the actual consumption (sale) of fertilizers is considerably less than the projected requirement of fertilizers. The Committee, therefore, recommended that methodology being adopted for computing requirement of fertilizers of various States may be comprehensively reviewed and a methodology based on scientific approach may be adopted for realistic assessment of requirement of fertilizers. In its Actions Taken reply, the Department has stated that to promote soil test based judicious use of fertilizers, Government of India has launched Soil Health Card (SHC) scheme in the year 2015-16. The guidelines of the scheme have been prepared in consultation with the scientists of ICAR and based on the analysis of soil samples, the Soil Health Cards containing information on fertiliser recommendations will be generated for all the 14 crore landholdings in the country. The test results of the soil samples are entered in the Soil Health Card portal in consultation with ICAR scientists. State-wise Soil Test-Crop Response (STCR) formulae developed by ICAR or crop-wise General Fertilizer Recommendations (GFR) will also be entered in the portal. Based on the soil test results and STCR formulae/GFR, fertilizer recommendations will be calculated by the system automatically. The data on landholding-wise fertilizer recommendations, available in the portal, would be utilized to project the state-wise total requirement of fertilizers. The Committee are of the view that use of this data on landholding-wise fertilizer recommendations will lead to more precise and realistic assessment of requirement of fertilizers. This would make methodology adopted for computing requirement of fertilizer more scientific as well. The Committee would, therefore, like the Department to utilize the data on land holding-wise fertilizer recommendations while computing the requirement of fertilizer for various States. While appreciating the efforts made by the Department of Agriculture and Cooperation (DAC), the Committee hope

that the scheme would soon fructify and percolate at the block level. The Committee would therefore like to be apprised of the further development made in this matter.

C. Need to ensure sealing of trucks transporting fertilizers to avoid any chance of pilferage.

RECOMMENDATIONS Sl. No.3

1.9 Emphasizing the need for sealing of trucks transporting fertilizers, the Committee had recommended as under:-

SUPPLY PLAN /MOVEMENT OF FERTILIZERS:

"The Committee note that the Department of Fertilizers prepares agreed monthly supply plan of all the fertilizers in consultation with the manufacturers and importers as per Fertilizer (Control) Order, 1985 (FCO). However, as per Fertilizer (Movement Control) Order,1973, the Department of Fertilizers is empowered to direct fertilizer suppliers to supply their 50% of Urea, 20% of Phosphatic and Potassic fertilizers (P&K) produced or imported in India to any particular area. The agreed monthly supply plan is generally issued before 25th of each month for the next month. The fertilizers are mainly transported through railways and for this purpose directions are issued to all suppliers to maintain 80:20 ratio i.e. 80% of the total quantity to be moved through railways and 20 % by road. The guideline for maintaining rail/road coefficient of 80:20 for urea is for reduction in cost of transportation as the cost of transportation by rail is substantially lower than the cost of transportation by road. However, road movement is permitted up to 500 Kms keeping in view the local requirements. However, this guideline is not area specific and is not strictly adhered to for the sake of equal distribution of fertilizers at every corner of the country. During the course of evidence, the Committee were informed that while railway wagons transporting fertilizers are completely sealed, trucks transporting fertilizers are not sealed and the same are covered simply by tarpaulin which are tied by ropes. The Committee are not convinced with the explanation of the Department that quantity supplied by road is too less to pilferage. The Committee apprehend that in the absence of any seal on trucks transporting fertilizers may lead to pilferage or cause adulteration of fertilizers on the way by unscrupulous elements. The Committee, therefore, recommend that the trucks transporting fertilizers may also be sealed as per the procedure being followed in the context of railway wagons, to avoid any chance of pilferage or adulteration of fertilizers on the way to its destination by unscrupulous elements. The Committee would like to be apprised of the action taken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.10 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under:-

"As desired, all Companies supplying fertilizers have been requested to work out the modalities for sealing the trucks transporting fertilizers."

COMMENTS OF THE COMMITTEE

1.11 The Committee had noted that the for transporting of fertilizers, directions are issued to all suppliers to maintain 80:20 ratio i.e. 80% of the total quantity to be

moved through railways and 20% by road. While railway wagons transporting fertilizers are completely sealed, trucks transporting fertilizers are not sealed and the same are covered simply by tarpaulins which are tied by ropes. In this regard the Committee apprehended that the absence of any seals on trucks transporting fertilizers may lead to pilferage or cause adulteration of fertilizers on the way by unscrupulous elements. The Committee, therefore, recommended that the trucks transporting fertilizers may also be sealed as per the procedure being followed in the context of railway wagons, to avoid any chance of pilferage or adulteration of fertilizers on the way to its destination by unscrupulous elements. In its Action Taken reply, the Department has stated that all companies supplying fertilizers have been requested to work out the modalities for sealing the trucks transporting fertilizers. The Committee are glad to know that the Department has made an request to all the fertilizer companies in this regard. The Committee would like the Department to ensure that such guidelines are prepared and strictly adhered to by the fertilizer companies. The Committee would like to be apprised of the further progress made by the Department in this regard.

D. Need to ensure availability of adequate no. of rakes for movement of fertilizers, the Committee had recommended as under

RECOMMENDATIONS Sl. No.4

1.12 Emphasizing the need to ensure availability of adequate no. of rakes for movement of fertilizers, the Committee had recommended as under:-

AVAILABILITY OF RAKES FOR MOVEMENT OF FERTILIZERS:

"The Committee were further informed that on an average, 45 rakes per day are required for movement of fertilizers including imported fertilizers. However, loading and unloading time in most of the States is much more than the stipulated time of 9 to 10 hours as pointed by the Ministry of Railways during the zonal conference held for assessment of requirement of fertilizers for Kharif 2015. The Committee feel that the timely supply and movement of fertilizers to the various parts of the country largely depends upon the adequate number of railway rakes and its speedy loading and unloading at origin and destination points. It is, therefore, imperative for the Department to monitor and coordinate with Ministry of Railways ensuring availability of adequate number of rakes for timely and smooth movement of fertilizers from ports/plants to the States. It is also essential that the indents for railway rakes are timely placed by the State Governments in compliance with monthly supply plan issued by the Department. Further, loading and unloading operations are facilitated in the minimum possible time to maintain continuous flow of rakes especially in peak consumption time. The Committee, therefore, recommend that a mechanism may be put in place by the Department to monitor and coordinate with Ministry of Railways to ensure availability of adequate number of rakes for timely and smooth movement of fertilizers. Further, the Committee also recommend that the State Governments may also be urged to facilitate the loading/unloading operations in the minimum possible time. The Committee would like to be apprised of the action taken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.13 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under:-

> "In this regard, it may be stated that Department of Agriculture, Cooperation & Farmers Welfare) (DAC&FW), Department of Fertilizers(DoF), M/o, Railways (Railway Board) all State Governments & all fertilizers supplying Companies are closely associated with each other at every stage of fertilizers movement i.e. right from season-wise assessment to delivery at destinations. In the assessment stage, all the above stake holders take part. Thereafter, monthly requirement and daily availability of rakes for smooth supply of fertilizers are monitored in close coordination with each other. State Govts., M/o Railways, DAC&FW & all Companies are provided supply Plan in advance for monthly planning. Information regarding daily rake movement to various destination is given in Department website. Similarly stock at port & its movement are also monitored on daily basis. Apart from this weekly Video conference (VC) is conducted jointly by DAC&FW, DoF. M/o Railways (Railway Board), with all State Govts. Following the VC and feedback from Sates corrective measures are taken for smooth movement & adequate availability for rakes at all over the country. Therefore, it may be stated that all arrangement are in place for rake movement & availability. The system is working well. However, detention of rakes at some loading & unloading points is an issue which has been taken by this department regularly with all concerned. Secretary, DoF has already taken up the matter with all State Govts./companies to reduce the detention period. The situation is improving. In the beginning of the year the average detention period was much higher than the present situation. However, as desired again a letter from Secretary (F) to all States Govts./ Companies has been issued emphasiging the need for reducing the detention period further during loading & unloading of fertilizers' rake."

COMMENTS OF THE COMMITTEE

1.14 The Committee in order to ensure timely supply and movement of fertilizers to the various parts of the country recommended that the a mechanism may be put in place by the Department to monitor and coordinate with Ministry of Railways to ensure availability of adequate number of rakes for timely and smooth movement of fertilizers. Further, the Committee also recommended that the State Governments may also be urged to facilitate the loading/unloading operations in the minimum possible time. In its Action Taken reply, the Department has stated that all arrangement are in place for rake movement and availability and the system is working well. However, detention of rakes at some loading and unloading points is an issue which has been taken by this department regularly with all concerned. The Secretary, DoF has already taken up the matter with all State Governments/ companies to reduce the detention period. The Committee are of the view that the adequate number of railway rakes and its speedy loading and unloading at origin and destination points are imperative for timely supply and movement of fertilizers to various parts of the country and therefore, the Committee would like the Department to actively pursue the matter with all the State Governments concerned/ Companies and ensure adequate steps are taken to ensure speedy loading and unloading operation of fertilizers. The Committee would like to be apprised of the action taken by the Department in this regard.

E. Need to ensure transportation of fertilizers by the companies to the last mile i.e. retailer

RECOMMENDATIONS SL. NO.5

1.15 Emphasizing the need to ensure transportation of fertilizers by the companies to the last mile i.e. retailer, the Committee had recommended as under:-

TRANSPORTATION OF FERTILIZERS

"The Committee note that the Department of Fertilizers reimburse the freight subsidy to the fertilizer companies for delivering it to the retailer and finally to the farmers. It is, therefore, the responsibility of the company to transport the fertilizer to the retailer at any corner of the block/district. However, it has been brought to the notice of the Committee that certain companies are not transporting the fertilizers to the last mile i.e. retailer and asking the retailer to take it on its own. The Committee feel that it should be the responsibility of the company to transport the fertilizers to the retailer and ultimately for distribution to the farmers for its usage and the Department should take stringent action against those companies which fail to transport the fertilizers to the retailer. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

The Committee also note that the fertilizers are transported to the district through railways and thereafter the same are transported by road from district to the retail shopkeepers. The Department reimburses the cost of freight to the companies. The Committee were informed that there is uniform freight rate for every district fixed by the Department. The average distance between the district and the block is worked out so that the freight cost is reimbursed with uniform rate with in the district. Rate of freight is revised every year keeping in view in inflation in transport index. However, the Committee could not understand the rationale behind working out average distance between the district and the blocks for payment of road freight. The Committee are of the view that the road freight being paid at a uniform rate irrespective of distance does not seem to be rationale or logical. Companies are not inclined to transport the fertilizers to its last destination, particularly in far flung areas unless they are reimbursed road freight on the 43 basis of actual distance. The Committee, therefore, recommend that the existing mechanism being followed by the Department for reimbursement of road transport of fertilizers from district to the blocks on the basis of average distance and price may be revisited so that expenses incurred on the basis of actual distance of road transport are reimbursed to the companies as being reimbursed in the case of rail transport. The Committee would like to be apprised of the initiatives taken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.16 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Before the Uniform Freight Scheme (UFS) the freight subsidy for each fertilizer units was different and based on a fixed freight element. For indigenous urea units, railway freight was paid on actual and the road freight on the basis of actual leads up to the district level (primary godowns) and a normative per KM rate. Beyond the primary godowns, the secondary freight was paid on the basis of average leads and normative per KM rate. It implies that actual freight was paid up to the district level and a normative freight beyond that point to the block for each fertilizer units.

Reasons for Uniform freight Scheme

Under the policies before UFS, the freight subsidy for each fertilizer was different and mostly with a fixed freight element. Resultantly, the manufacturers and importers were having a tendency to sell fertilizers in areas close to their production/import facilities to keep their freight expenditure within the fixed freight element available. Besides, the rising transportation costs further limited their ability to send fertilizers to distant/remote corners of the country. This was resulting in temporary shortages in availability of fertilizers especially in remote pockets of the country.

It was evident that a fixed freight regime was not serving the objective of easy availability of subsidized fertilizers. Accordingly, a proposal for a Uniform Freight Policy for all subsidized fertilizers was discussed in the meeting of the Group of Ministers (GOM) held on 12th February, 2008 as one of the measures towards restructuring of fertilizer subsidy and promoting easy accessibility of subsidized fertilizers. The GOM supported the proposal and gave its 'in principle' approval. Therefore, it was proposed to move towards a uniform freight subsidy regime for all subsidized fertilizers.

The Uniform freight policy was introduced to arrive at a working arrangement that is fair to the industry and meet the prime objective of ensuring easy availability in an environment of optimized distribution system. It was a simple calculation for the companies and the department since the district wide leads were calculated, and the rates were standardized. The freight was proposed to be paid on the basis of receipt of fertilizers in the districts as per the approved movement plan.

In addition to above, the reimbursement of actual freight rates to the urea manufacturing companies instead of uniform rates will also be not feasible due to the following:

i. There will not be uniformity in the lead distances of the particular district and it is likely that there would be a wide variation in the actual freight claims submitted by the companies which will hamper the proper & effective administration of the bills and subsequent subsidy reimbursement. The administration of such variety of lead distances, bill claims & subsidy reimbursement will require huge man power. At present, the rates and lead distances have been uploaded in FMS and bills can been generated through system, which is easier to handle.

ii. Moreover, the per tonne per KM (PTPK) rates recommended by the Tariff Commission is based on the scientific study conducted by them."

COMMENTS OF THE COMMITTEE

1.17 The Department has mentioned about Uniform Freight Scheme (UFS) which they have introduced replacing Actual Freight Rates. The Committee understand that Uniform Freight Scheme (UFS) has been introduced to remove the anomaly under Actual Freight Rates. The Committee are given to understand that Actual Freight Rates, freight subsidy for each fertilizer unit was different and based on fixed freight element. For indigenous urea unit, railway freight was paid on actual and the road freight on the actual lead up to the district level (primary godown) and normative per Kms. rate. Beyond the primary godowns, the secondary freight was paid on the basis of average

leads and normative per Km. rate. It means that actual freight was paid up to the district level and a normative freight beyond that point to the block for each fertilizer unit. Resultantly, the manufacturers and importers were having a tendency to sell fertilizers in areas close to their production / import facilities to keep their freight expenditure within the fixed freight element available. The Uniform Freight Scheme (UFS) is based on simple calculation for the companies and the Department since the district wise leads have been calculated and the rates have been standardized. Beside, this under the erstwhile policy there was no uniformity in the lead distances of the particular district and there was likelihood of wide variation in the actual freight claims submitted by the companies resulting into hindrance in proper and effective administration of bills and subsequent subsidy reimbursement. This would also require huge man power. As per the Department, at present the rates and lead distances have been uploaded in Fertilizer Monitoring System (FMS) and bills can be generated through system. Moreover, per ton per Km. (PTPK) rates are recommended by tariff commission based on scientific study conducted by them.

While acknowledging the facts submitted by the Department in favour of Uniform Freight Scheme (UFS) the Committee observe that under Uniform Freight Scheme (UFS), the reimbursement of subsidy to companies would be hassle free and expeditious. At the same time the Committee observed that the objective of the new scheme should not be solely for the expeditious disposal of subsidy bill but also to ensure the availability of the fertilizers to the remotest area of the district and up to block level. They therefore, caution that new scheme of UFS should also support the basic objective of timely availability of fertilizer at the remotest area rather than changing the nomenclature of the scheme much to the convenience of companies and Department only. The Committee, therefore, recommend that payment of subsidies to the companies should only be given when they supply the fertilizer at the block level.

F. Need to explore the possibilities of transportation of fertilizers using inland water ways

RECOMMENDATIONS SL. NO.6

1.18 Emphasizing the need to explore the possibilities of transportation of fertilizers using inland water ways, the Committee had recommended as under:-

MOVEMENT OF FERTILIZERS THROUGH INLAND WATER WAYS:

The Committee further note that Department of Fertilizers has started to experiment to transport fertilizers using inland water ways and the Ministry of Shipping had also circulated the cabinet note in this regard. The Committee feel that transportation of fertilizers through water ways at coastal areas would be comparatively less costly, safer and environment friendly and therefore, the Department in coordination with Ministry of Shipping should explore all possibilities of using the inland waterways for transportation of fertilizer in the Country expeditiously. The Committee would like to be apprised of the progress made in this regard.

REPLY OF THE GOVERNMENT

1.19 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Department of Fertilizers conducted a trail run for movement of fertilizer through National Waterway-1 (NW —1) Le. the Ganges basin stretches between Allahabad to Haldia where Phulpur 1FFCO urea plant (close to Allahabad) and TCL Hadia complex plants are located. This is an ideal situation for the multimodal operator to take the advantage of cross-trade in undertaking upstream movement of complex fertilizers from Haldia to the states of West Bengal, Orissa, Bihar and part of UP and reverse movement of Phulpur urea on the same route. However, the trail run of fertilizers through NW-1 was not successful due to substantial delay (i.e. more than six months) in moving just one rake load each of complex fertilizers and urea up and down NW-1, between Haldia- Patna stretches due to poor navigability in NW-I, water draft restriction (inadequate water on NW-I), number of bends in the NW-1 between Haldia - Patna Sector and inadequate arrangement at the jetty points for loading or unloading cargo. Moreover, the trial run was expensive and Government had to additional expenses of about Rs. 80 Iakh on moving such a small quantity, due to trans-shipment, hiring of tugs, multiple handling & storage cost, poor arrangement at origin/ destination for loading/ unloading cargo etc. Thus the movement of fertilizers through inland waterway will be viable and economical only when the waterway is made navigable on the entire stretch of NW-1, with adequate water draft (at 'east 2.5 meters), lesser bends and adequate arrangement at the jetty points for loading or unloading cargo. Department of Fertilizers (DOF) has already adopted coastal shipping mode of transportation, for movement of fertilizer through coastal route in containers as well as break bulk vessels, admissible under the present fertilizer freight subsidy policy and necessary notification to this effect was issued to all concerned way back during July, 2013. Thus as on date, the fertilizer companies are free to utilize this mode of transportation to supplement the rail & road movement, provided it is economical and efficient enough to meet the urgent requirement of fertilizers during peak agriculture seasons. The decontrolled complex fertilizer units which are import dependent are located at the Indian coastline and are exploring the possibility of adopting the movement of fertilizers through coastal routes. However, the fertilizer companies have not ventured to utilize the coastal mode of transportation in larger perspective. Integration of River- Sea Vessel' (RSV) for movement of fertilizers through coastal route to inland water ways for reducing/ eliminating road bridging, multiple handling, storage etc. in reaching the fertilizers upto the end users in some of the States! Districts, falling on the coastline and river banks, would be an ideal situation for coastal movement of fertilizers. DOF in consultation with Ministry of Shipping have organized meetings with the fertilizer companies to encourage coastal movement of fertilizers in larger scale."

COMMENTS OF THE COMMITTEE

1.20 The Committee observed that transportation of fertilizers through water ways at coastal areas would be comparatively less costly, safer and environment friendly and therefore, the Department in coordination with Ministry of Shipping should explore all possibilities of using the inland waterways for transportation of fertilizer in the Country expeditiously. In its Action Taken reply, the Department has stated that as on date, the fertilizer companies are free to utilize this mode of transportation to supplement the rail and road movement, provided it is economical and efficient enough to meet the urgent requirement of fertilizers during peak agriculture seasons. The decontrolled complex fertilizer units which are import dependent are located at the Indian

coastline and are exploring the possibility of adopting the movement of fertilizers through coastal routes. However, the fertilizer companies have not ventured to utilize the coastal mode of transportation in larger perspective. Integration of River- Sea Vessel' (RSV) for movement of fertilizers through coastal route to inland water ways for reducing/ eliminating road bridging, multiple handling, storage etc., in reaching the fertilizers upto the end users in some of the States, Districts, falling on the coastline and river banks, would be an ideal situation for coastal movement of fertilizers. The Department of Fertilizers in consultation with Ministry of Shipping have organized meetings with the fertilizer companies to encourage coastal movement of fertilizers in larger scale. The Committee are therefore, pleased to note that the Department is encouraging coastal movement of fertilizers, however, desire that sincere efforts in this regard should be made on the wider scale. The Committee observed that Decontrolled (P & K) fertilizers which are largely imported come through coastal route are ideal suited for transportation through inland water ways as it would facilitate in reducing/ eliminating road bridging, multiple handling, storage etc. The Committee would like to reiterate its earlier recommendation that the Department in coordination with Ministry of Shipping should explore all possibilities of using the inland waterways for transportation of fertilizer in the Country. In addition to this, Department of Fertilizers should also explore the possibilities of transporting through rivers in consultation with Ministry of Water Resources, River Development and Ganga Rejuvenation. So that cities / towns situated near river banks can be developed as stock points and fertilizers can be supplied at minimal freight cost. The Committee would like to be apprised of the progress made in this regard.

G. Need for strict monitoring of decontrolling the movement of fertilizers.

RECOMMENDATIONS SL. NO.7

1.21 Emphasizing the need for strict monitoring of decontrolling the Movement of Fertilizers, the Committee had recommended as under:-

DECONTROL ON MOVEMENT OF FERTILIZERS

"The Committee note that the movement of fertilizers is being decontrolled by the Government from April 2015. According to the Department, this will result in competition amongst the fertilizer companies making the fertilizers more affordable to farmers increasing consumption and production. However, the Committee are of the view that that decontrolling of movement of fertilizer may have its adverse effect as the fertilizer companies would like to go and supply fertilizers only in those areas which are accessible and would not be very much inclined to go to far flung and inaccessible areas like in hilly and north-east areas of the country. The Department in this regard explained that freight subsidy has now been merged with nutrient based subsidy and it is now not necessary to issue the movement plan. Earlier one company was asked to go to a particular area but under the decontrolled regime, several companies can go to sell fertilizers at competitive rates. According to the Department, this will result in availability and decrease in the rates of DAP and MOP. Further, a separate rate of freight subsidy has been given to difficult area like in North Eastern States, Himachal Pradesh, Uttarakhand and Jammu & Kashmir. Moreover, under Fertilizer (Movement Control) Order, 1973, the Department of Fertilizers can adopt legal recourse to force the companies to supply fertilizers to any particular area. In view of the foregoing, the Committee recommend that the movement of fertilizers

under the decontrolled regime may be strictly monitored ensuring availability of adequate quantity of fertilizers to all the farmers of the country with special attention towards remote and inaccessible areas of the country."

REPLY OF THE GOVERNMENT

1.22 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"The Cabinet had accorded approval for merger of freight subsidy with product subsidy in respect of P&K fertilizers under NBS Scheme. The Cabinet decision for merger of freight subsidy with product subsidy was to be implemented along with decontrol of movement of supply plan. However, in the process of notification of the decision of the Cabinet, few states including Haryana and Punjab had raised the apprehensions that the decision will affect availability of P&K fertilizers and increase prices of these fertilizers.

After discussions with the various States, it was decided to take up the matter with the Cabinet for review of the decision. Inter Ministerial consultation, is being done and the matter is under consideration. At present the existing system of separate payment of freight subsidy and product subsidy and issue monthly supply plans for movement of P&K fertilizers are continuing."

COMMENTS OF THE COMMITTEE

1.23 The Committee noted that the movement of fertilizers is being decontrolled by the Government from April 2015. However, the Committee are of the view that that decontrolling of movement of fertilizer may have its adverse effect as the fertilizer companies would like to go and supply fertilizers only in those areas which are accessible and would not be very much inclined to go to far flung and inaccessible areas like in hilly and north-east areas of the country. The Committee, therefore, recommended that the movement of fertilizers under the decontrolled regime may be strictly monitored ensuring availability of adequate quantity of fertilizers to all the farmers of the country with special attention towards remote and inaccessible areas of the country. In its Action Taken reply, the Department has stated that the Cabinet decision for merger of freight subsidy with product subsidy was to be implemented along with decontrol of movement of supply plan. However, in the process of notification of the decision of the Cabinet, few states including Haryana and Punjab had raised the apprehensions that the decision will affect availability of P&K fertilizers and increase prices of these fertilizers. After discussions with the various States, it was decided to take up the matter with the Cabinet for review of the decision. Further, inter Ministerial consultation, is being done and the matter is under consideration. In view of the forgoing, the Committee strongly reiterate its earlier recommendation for ensuring availability of adequate quantity of fertilizers to all the farmers in the country with special attention towards remote and inaccessible areas of the country and would like the Department to address the concerns and apprehension of all the State before the implementation of merger of freight subsidy with product subsidy. The Committee would like to be apprised of the progress made in this regard.

H. Need to strengthen the monitoring mechanism and ensuring smooth movement of fertilizers.

RECOMMENDATIONS SL. NO.8

1.24 Need to strengthen the monitoring mechanism and ensuring smooth movement of fertilizers, the Committee had recommended as under:-

MONITORING OF FERTILIZERS MOVEMENT AND DIRECT SUBSIDY TO THE FARMERS

"The Committee note that the movement of all major subsidized fertilizers is monitored throughout the country by an online web based monitoring system (www.urvarak.com) which is also known as Fertilizers Monitoring System (FMS). With the help of this System, it is possible to track the movement of fertilizers up to the district level at the click of the mouse. The companies are able to use the system for both tracking their movement as also subsidy bill processing. The system is operational 24 X 7 and daily production/import data, its dispatch to the districts, receipt thereafter are captured. The Department has also developed mobile Fertilizer Monitoring System (mFMS) to upgrade the existing FMS to capture the availability of fertilizers at various points in supply chain below the district. The mFMS captures the sales made by Companies and wholesalers to the retailers and also the confirmation of receipt by the wholesalers and retailers. It is being implemented in the phased manner. So far mFMS is being implemented in 2 phases, i.e. Phase-I- Information visibility till the retailer's level where part subsidy is disbursed to the manufacturers on the basis of the information of retail acknowledgment reported in mFMS and Phase-II- part subsidy payment to the manufacturers on the basis of the information of retailer sales of fertilizers captured in mFMS. Phase I which is made operational from 1st November,2012 is being rolled out through all the registered fertilizers manufacturers (116), wholesalers (22000) and retailers (1.90 lakhs) across the country. Phase I is approaching stabilization. For Phase II, it was decided to conduct pilot before its implementation across the country and accordingly, pilot project was launched in 6 districts in various States in country on 1st August 2013 with the help of 6 Lead Fertilizer Suppliers (LFS) of the concerned States. However, on the basis of feedback reports from 6 LFS, the Department has decided to discontinue Phase II pilot implementation as it was not found sustainable for country wide roll- out and mFMS Phase II has been suspended w.e.f. April 2015. However, the Department is contemplating to implement a USSD (Unstructured Supplementary Service Data) based application in consultation with DAC to capture the sales made by retailers in the mFMS application. The solution being prepared by NIC for the purpose is in final stages of testing and will be launched soon for use by retailers. It was also informed that the farmers will be able to operate the new software in their local 45 languages. Phase III and Phase IV have been kept on hold as per the decision taken on 6.6.13 as there are problems in targeting, determining entitlements and preparing beneficiary databases and therefore, Direct Benefit Transfer (DBT) is being kept away from fertilizers for the moment. However, the Committee were informed that the Department is working on a roadmap to capture the details/unique IDs of farmers so that sales data can also be captured and subsidy can be transferred to farmers' accounts directly. A separate department Mission Directorate (DBT) has been opened for the purpose and districts of Gujarat and Odisha are being selected to go for pilot project. The Committee were also informed that the Department is also exploring the applicability of Barcode/RFID based solutions to track end to end movement of fertilizer in the entire supply chain. While taking note of the initiatives undertaken/contemplated by the Department to monitor movement of fertilizers as

well as to reform subsidy disbursement mechanism, the Committee recommend that the initiatives undertaken by the Department may be intensified and made time bound in coordination with State Governments to strengthen the monitoring mechanism ensuring timely and smooth movement of fertilizer to the farmers and disbursement of the benefit of subsidy directly to the beneficiaries in a transparent manner at the earliest. In this regard, the Committee desire that the development of USSD based application to capture the sales made by retailers in the mFMS application may be expedited. The Committee hope and trust that this would help the farmers to get all information about the availability of fertilizers in retail shop without going elsewhere, in their local languages as assured by the Department during the course of evidence. The Committee also recommend that the applicability of Barcode/RFID based solutions to track end to end movement of fertilizer in the entire supply chain may also be explored and expedited with in fixed time frame. The Committee would like to be apprised of the progress made in this regard."

REPLY OF THE GOVERNMENT

1.25 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"A brief update on the recent developments in Monitoring of Fertilizer Movement and Direct subsidy to Farmers:

1. USSD based application for capture of Retailer Sale: USSD application has been development by NIC in consultation with DAC. The application is being examined by DoF for its technical and financial feasibility to be implemented at retailer level.

2. Tracking of Fertilizer Bags through RFID/ barcode based solution: The department explored feasibility to track the fertilizer bags through RFID/ barcode based solution. After analysis, it has emerged that the adoption of RFID/ barcodes in fertilizer supply chain is cumbersome due to the multiple transit points in supply chain and physical handling of bags. Furthermore, the size and dimension of fertilizer bags is not practically suitable for barcode based tagging and RFID technology is costly to implement and maintain.

In view of above, the Department has decided to drop the above approaches for extending the supply chain monitoring up to the Retailers and farmers. However, Department is working closely with Mission Directorate (DBT) to implement DBT in fertilizers."

COMMENTS OF THE COMMITTEE

1.26 The Committee in order to strengthen the monitoring mechanism and ensuring smooth movement of fertilizers to the farmers recommended that the development of USSD (Unstructured Supplementary Service Data) based application to capture the sales made by retailers in the mFMS application may be expedited. The Committee hope and trust that this would help the farmers to get all information about the availability of fertilizers in retail shop without going elsewhere, in their local languages as assured by the Department during the course of evidence. In its Actions Taken reply, the Department has stated that USSD application is being examined by DoF for its technical and financial feasibility for its implementation at retailer level. However, Department is working closely with Mission Directorate to implement Direct Benefits Transfer

(DBT) in fertilizers. In view of the foregoing, the Committee are distressed to note that the USSD based application is still under consideration of the Department and there is no change in the status. The Committee feel that implementation of USSD based application will be helpful to capture the sales made by retailer, therefore, desire that the USSD application may be expeditiously examined by the Department of Fertilizers. The Committee would like to be apprised of the progress made in this regard.

I. Need to curb unscrupulous activities of smuggling and black marketing of subsidized fertilizer its Diversion for nonagricultural purposes.

RECOMMENDATIONS SL. NO.9

1.27 Emphasizing the need to curb unscrupulous activities of Smuggling /Black marketing of subsidized fertilizers or its Diversion for nonagricultural purposes, the Committee had recommended as under:-

SMUGGLING /BLACK MARKETING OF SUBSIDIZED FERTILIZERS OR ITS DIVERSION FOR NONAGRICULTURAL PURPOSES:

"The Committee note that the prices of fertilizers in the country is substantially less as compared to neighbouring countries which is primarily due to grant of subsidy on fertilizers. As a result of this, substantial quantity of fertilizers is smuggled through border areas to the neighbouring counties. One of the efforts being made by the Department is that the demand of fertilizers of the neighbouring country is met by the Government which is supplied to them at full price in order to check the outgo of subsidized fertilizers meant for Indian farmers. As the Department has no mechanism in the field, letters are also being written to BSF, Coast Guards , Custom and State Governments time and again to check 46 smuggling of fertilizers to the neighboring countries. However, the Committee are not satisfied with the explanation given by the Department on the issue and strongly feel that simply by writing letter to the authorities concerned would not be enough to check the menace of smuggling and black marketing of subsidized to the neighboring countries. The Committee are of the considered opinion that the Department, being the nodal authority, should take initiatives and hold regular meetings with all the authorities concerned including State Governments and they should be made responsible to check the smuggling of fertilizers effectively as otherwise they should face strict action under the law. Further, a mechanism should also be developed that where companies and dealers are also made responsible if they are involved in smuggling or black marketing of fertilizers. In this context, the Committee also desire that the Department should also find out the feasibility of establishing vigilance cell in every state to inspect the depots of companies or dealers on regular basis with a view to ensure that the fertilizers are being sold/supplied to the farmers and also to curb unscrupulous activities of smuggling and black marketing of subsidized fertilizer. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.28 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Govt. of India has notified Fertilizer (Control) Order, 1985 & Fertilizer (Movement Control) Order, 1973 under Essential Commodities Act, 1955 and all State Govts. have

been empowered to take punitive measures against the person, who indulge in diversion, black marketing & smuggling of fertilizers. Apart from this, Ministry of Home Affairs, Central Board of Excise & Customs are mandated to curb diversion & smuggling. Therefore, Department of Fertilizers has been writing frequently to all State Govts./MHA/CBE&C emphasizing the need for taking appropriate action to curb these illegitimate activities. Department of Industrial Policy & Promotion (DIPP) has been requested to identify the industries which consume urea as raw material.

State Govts. have been asked to report the cases category-wise like diversion, smuggling & black marketing. Report is awaited.

As has been stated above DoF has from time to time writing to all Chief Secretaries, M/o MHA and CBEC to activate the enforcement agencies under their jurisdiction because they have the local machinery and wherewithal to ensure adequate availability of fertilizers at reasonable prices to the farmers and also to keep strict vigil to stop black marketing, smuggling & diversion which may not be possible for DoF.

Regarding establishing vigilance cell in every state to inspect the depots of companies of dealers on regular basis, it may be stated that under FCO,1985, all State Govts. have been empowered to establishing enforcement authorities for implementation of various proviso of FCO and for taking appropriate action to curb all illegimate activities in respect of fertilizers."

COMMENTS OF THE COMMITTEE

1.29 The Committee noted that in order to curb unscrupulous activities of smuggling and black marketing, the Department should take initiatives and hold regular meetings with all the authorities concerned including State Governments and they should be made responsible to check the smuggling of fertilizers effectively as otherwise they should face strict action under the law. Further, a mechanism should also be developed that where companies and dealers are also made responsible if they are involved in smuggling or black marketing of fertilizers. In its Actions Taken reply, the Department has stated that Government of India has notified Fertilizer (Control) Order, 1985 and Fertilizer (Movement Control) Order, 1973 under Essential Commodities Act, 1955 and all State Governments have been empowered to take punitive measures against the person, who indulge in diversion, black marketing and smuggling of fertilizers. DoF has from time to time writing to all Chief Secretaries, M/o MHA and CBEC to activate the enforcement agencies under their jurisdiction because they have the local machinery and wherewithal to ensure adequate availability of fertilizers at reasonable prices to the farmers and also to keep strict vigil to stop black marketing, smuggling and diversion which may not be possible for DoF. The State Governments have been asked to report the cases category-wise like diversion, smuggling and black marketing and the Report is awaited. After analyzing the action taken reply, the Committee are dismayed to note the apart from writing to Chief Secretaries of the States and other agencies, the Department has not taken any proactive measures to curb the instances of smuggling and black marketing, etc. The Committee, therefore, reiterate its earlier recommendation and would also like the Department to take stringent steps in co-ordination with State Governments to curb such instances. The Committee would like to be apprised of the progress made in this regard.

J. NEED TO ENSURE JUDICIOUS USE OF FERTILIZERS BY THE FARMERS

RECOMMENDATIONS SL. NO.10

1.30 Emphasizing the need to ensure judicious use of fertilizers by the farmers, the Committee had recommended as under:-

OVER USAGE OF FERTILIZERS BY THE FARMERS:

The Committee note with concern that the urea is being utilized by the farmers in excessive quantity as result of which the fertility of soil has degraded. It was brought to the notice of the Committee that the soil of various States like Punjab, Haryana, Andhra Pradesh has degraded due to over usage of urea. In this regard, the Department explained to the Committee that urea is being used by farmers extensively particularly due to the fact the urea is inexpensive as compared to phosphate and potash fertilizers. It is, therefore, imperative that the farmers are educated on this aspect for which vigorous awareness campaign needs to be launched through the country by the Department in consultation with all stakeholders. About the steps being taken by the Department to check adverse effect of over usage of urea, the Committee were informed that Soil Health Card Scheme has been started by the Ministry of Agriculture from April, 2015 under which Soil Health Cards to 14 crore holdings will be given in three years. These cards will indicate the shortcomings of micro nutrients or NPK and will also contain recommendations to be followed by the farmers. After every three years, the Card will be renewed to get the fresh status of soil fertility. The Committee are of the view that soil Health Cards are absolutely essential to help the farmers to use the fertilizers judiciously not only for increasing the productivity and production of the crops but also to stop degradation of soil health of their 47 fields. The Committee were of the view that the Soil Health Card should also reflect various other factors like land holdings, cropped area, irrigated area, etc., which would help in assessment of requirement of fertilizers and also would be helpful in determining the entitlements and preparing the data bases of the beneficiaries to facilitate direct payment of subsidy to the farmers. It is, therefore, imperative that vigorous efforts may be made to expedite the process of grant of Soil Health Cards to the farmers. In this regard all the States should be urged to involve Agriculture universities/colleges of their State so that these Cards could be issued to the farmers in a time bound manner. The Committee, therefore, recommend that the Department should pursue with Ministry of Agriculture and States Government to take appropriate measures so that Soil Health Cards are issued to the farmers with in a targeted time frame. The Committee would like to apprised of the initiatives undertaken by the Department in this regard.

The Committee were also informed that a policy decision has been taken by the Department to go for 100% production of neem coated urea which will be compulsory for all fertilizers companies and importers as well. According to the Department, neem coated urea will increase nitrogen efficiency and hence less demand of urea by the farmers. This will increase crop yield by 4-6% and the profitability of farmers. It also acts as bactericide and pesticide. At the same time neem coated urea could not be used by industries for nonagricultural purposes. The Department has also taken steps to simplify the procedure for the industrialists to import urea without taking permission of the Department or DGF. As a result of these steps, the industrialists will not try to purchase urea from farmers for nonagricultural purposes. The Committee were also informed that the Department gives lot of encouragement in agri extension activities under which demonstration about the usage of fertilizers are given in front of the farmers. For usage of neem coated urea, the fields of farmers are actually taken

over and utilized to demonstrate the fact that yield of the crop increases by 4-6% by utilizing neem coated urea. Kishan Melas are also being organized where farmers are given free training as to how to use fertilizer in a better manner. However, the Committee strongly feel that the steps taken by the Department are not enough as a large number of farmers in the entire country still remain uneducated and untrained in the judicious use of fertilizers. The Committee, therefore, recommend that sustained and vigorous awareness campaign through electronic and print media should be made by the Department in coordination with Department of Agriculture and Cooperation and other stake holders. The Committee also desire that the Department in coordination with State Governments should set up demonstration centers in each State to provide extensive training to the farmers in judicious use of fertilizers. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.31 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Soil Health Card (SHC) scheme, launched in year 2014-15, aims to cover all 14 crore holdings in the country to promote science based soil health management practices. Under the scheme, a total of about 2.53 crore soil samples are required to be collected and tested to generate about 14 crore Soil Health Cards (SHC) to individual farmers in a cycle of 3 years. Since the soil fertility gets changed in a time period of 3-4 years, therefore, the cycle will be repeated every three years. The first cycle is planned to be completed by the end of the year 2017-18.

The progress of the scheme is monitored on weekly basis through video-conference with the States. The States have been advised to involve KVKs and State Agricultural Universities/Colleges and farmer friends in implementation of the scheme. Central funds for the financial year 2015-16 have been released to the States. District-wise mapping of target and resources has been given to the States and they have been advised to deploy manpower for time bound implementation of the scheme.

The data on land holdings, cropped area and irrigated area will also be reflected in Soil Health Cards which would help in assessment of requirement of fertilizers and preparing data base of beneficiaries.

The Ministry is using print/electronic media to spread awareness about benefits of judicious use of fertilizers. Audio-Video Spot on "Judicious Use of Fertilizers'', in Hindi and regional languages, is being telecast through the National and Regional channels.

To educate farmers about balanced use of fertilisers, a target of 580 farmers' trainings has been kept under the SHC scheme in the financial year 2015-16.

IEC campaign is being planned in consultation with DAVP. Print advertisements/video spots/audio spots etc are being prepared for various schemes e.g. balanced use of fertilisers through SHC scheme and benefits of use of neem coated urea."

COMMENTS OF THE COMMITTEE

1.32 In order to ensure judicious use of fertilizers, the committee recommended that sustained and vigorous awareness campaign through electronic and print

media should be made by the Department in coordination with Department of Agriculture and Cooperation and other stake holders. The Committee also desire that the Department in coordination with State Governments should set up demonstration centers in each State to provide extensive training to the farmers in judicious use of fertilizers. The Committee also recommended that the Department should pursue with Ministry of Agriculture and States Government to take appropriate measures so that Soil Health Cards are issued to the farmers with in a targeted time frame. The Committee further recommended that the Soil Health Card should also reflect various other factors like land holdings, cropped area, irrigated area, etc., which would help in assessment of requirement of fertilizers and also would be helpful in determining the entitlements and preparing the data bases of the beneficiaries to facilitate direct payment of subsidy to the farmers.

In its Actions Taken reply, the Department has stated that the progress of the Soil Health Card scheme is being monitored on weekly basis through video-conference with the States. The States have been advised to involve Krishi Vigyan Kendra and State Agricultural Universities/Colleges and farmer friends in implementation of the scheme. Central funds for the financial year 2015-16 have been released to the States. District-wise mapping of target and resources has been given to the States and they have been advised to deploy manpower for time bound implementation of the scheme. The data on land holdings, cropped area and irrigated area will also be reflected in Soil Health Cards which would help in assessment of requirement of fertilizers and preparing data base of beneficiaries. The Ministry in this regard, is using print/electronic media to spread awareness about benefits of judicious use of fertilizers. Audio-Video Spot on "Judicious Use of Fertilizers", in Hindi and regional languages, is being telecast through the National and Regional channels. To educate farmers about balanced use of fertilizers, a target of 580 farmers' trainings has been kept under the SHC scheme in the financial year 2015-16.

The Committee are pleased to know that the Department is keeping an eye on the progress on the SHC scheme also using print/ electronic media to spread awareness about benefits of judicious use of fertilizer. However, the Committee are of the view that SHCs are absolutely essential to help the farmers to use fertilizers judiciously which will also have positive impact on the production and the productivity of the crops and will also reduce degradation of the soil health. The Committee, therefore, reiterates its earlier recommendation that the Department should actively monitor the progress of the scheme and also ensure that the SHCs are issued to the farmers in a time bound manner. Also desire that the Department in coordination with State Governments should set up demonstration centers in each State to provide extensive training to the farmers on judicious use of fertilizers. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

A. Need to ensure realistic assessment of fertilizers required by the States

RECOMMENDATIONS Sl. Nos.1 & 2

2.1 Emphasizing the need to ensure realistic assessment of fertilizers, the Committee had recommended as under:-

A. FERTILIZER ASSESSMENT

"The Committee note that on an average about 30 to 32 MMT of urea is required annually to meet the requirement of the farmers. Annual requirement of DAP and NPK is about 10 MMT each and that of MOP is about 3 MMT. The domestic production of DAP and NPK is about 4 MMT and 7 MMT respectively. There is no domestic production of MOP. The country is 90% import dependent for P&K fertilizers either in finished form or raw material. The assessment of the requirement of fertilizers i.e. Urea, DAP, MOP and NPK for each season is finalized by Department of Agriculture and Cooperation (DAC) in consultation with Department of Fertilizers, States, Railways, Fertilizers Association of India, Companies and other Stake holders. For this purpose, biannual Zonal Conferences are held before start of each cropping season i.e. Kharif (April to September) and Rabi (October to March). The country is divided into five zones based on geographical location namely North, South, West, East and North-East in the context of Biannual Zonal Conferences. Before Zonal Conference, the Ministry of Chemicals and Fertilizers advises States that detailed consultations should be done with Lead Fertilizer suppliers, farmers, Panchayat/Block Samitis etc. while computing the requirement of fertilizers. According to the Department, the requirement of fertilizers depends upon many factors such as cropping pattern, cropped area, requirement of nutrients in soil as per soil health status & recommended doses, irrigated area, consumption pattern etc. Information in respect of cropped area, irrigated area, cropping pattern is compiled by States at the level of block and information regarding requirement of nutrients as per soil health status etc is compiled by the States Government at the level of Districts. Accordingly, Department of Agriculture & Cooperation (DAC) has devised various formats/proforma and these proforma are circulated to States before Zonal Conference. States compile their data as per the parameters/details defined in these proforma and project the requirement of fertilizers. Thereafter, the requirement is finalized in these Zonal Conferences in consultation with stakeholders namely States, Department of Fertilizers, Lead Fertilizer Suppliers, Fertilizer Association of India (FAI) and NIC. It has also been informed that Agro scientists of Indian Council of Agriculture Research (ICAR) are involved in the process of assessment of requirement of fertilizers. So far, the detailed examination of requirement of fertilizers based on requirement of nutrients as per soil health status and recommended doses has been carried out in consultation with ICAR for high fertilizer consuming states namely Andhra Pradesh, Telangana, Karnataka, Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Punjab, Haryana, Uttar Pradesh. Outcome of the said examination is taken in to account while finalizing the requirement of fertilizers of these states. Similar

exercise is also being conducted for another five states namely Jharkhand, Odisha, Bihar, West Bengal and Tamil Nadu.

In view of the foregoing, the Committee observed that it would be essential that the data furnished by the States as per Performa devised by the DAC to project the requirement of fertilizers by the States reflects the ground realities and therefore, it would be essential that data furnished by the States are thoroughly examined by the Department with a view to ensure realistic assessment of requirement of fertilizers by the States . If felt necessary the Performa devised for the purpose could be further revised on the basis of the experience gained over the years. The Committee, therefore, desire that all the issues/factors relating to computation of requirement of fertilizers may be thoroughly and meticulously examined/deliberated by the Department in consultation with all concerned in zonal conferences held for the purpose.

The Committee further observed that attempts are being made to assess the requirement of fertilizers in a scientific and realistic manner. Agro-scientists of ICAR are also being involved in the process of assessment of requirement of fertilizers. However, the fact remains that the several states of the country still remain uncovered by the Agro scientists for assessment of requirement of fertilizers as per soil health status. In the absence of soil health status in respect of large number of States, the Committee are of the view that it would be difficult to compute the actual requirement of nutrients for various crops. The Committee, therefore, recommend that exercise undertaken by the Agro scientists may be intensified for all the States of the country in order to get relevant and accurate information about the nutrients based soil health status to arrive at accurate demand of the fertilizers in the country. Further, the Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

B. Assessed requirement and consumption of Fertilizers

The examination of last three years data furnished by the Department to the Committee revealed that there was consistent gap between Sale (consumption) and assessed requirements of fertilizers. As for illustration, during Kharif 2014, the projected requirement of urea was 146.60 LMT against which the actual consumption (sale) was only 139.97 LMT. For Rabi 2014-15, while the projected requirement of urea was 160.11 LMT, the actual consumption (sale) was 168.79 LMT. Further, the projected requirement of DAP, MOP and NPK for Kharif 2014 was 48.07 LMT, 14.85 LMT and 49.60 LMT respectively against which the actual consumption (sale) was 37.05 LMT , 14.12 LMT and 38.92 LMT 40 respectively. For Rabi 2014-15, the projected requirement of DAP, MOP and NPK was 47.87 LMT, 15.41 LMT and 50.22 LMT respectively against which the actual consumption (sale) of fertilizers was 38.53 LMT, 13.68 LMT and 47.06 LMT respectively. All these figures clearly shows that there is variation in actual consumption figures of major fertilizers vis-a-vis the projected requirement. In fact it has been found that by and large, the actual consumption (sale) of fertilizers is considerably less than the projected requirement of fertilizers. This clearly reveals that the existing methodology adopted for assessment of fertilizers is not meticulous and scientific and still needs further improvement. The Committee are not convinced with the explanation of the Department that the assessment of demand for fertilizers by the States is generally on safer side and hence there is a tendency to over estimation. The assessed demand for fertilizers is based on ideal conditions whereas due to changes in actual sown area, pattern of rainfall and other conditions prevailing during the season, the demand changes. According to the Department, the

seasonal projection of demand, availability and sales always remain at satisfactory level. But there may be a minor deviation in actual sales of fertilizers month-wise against the availability and assessed demand. However, on close scrutiny of minutes of the zonal conference by the Committee reveals that the projected requirement of fertilizers by the States is primarily based on the trend of consumption of fertilizers against the requirement during the past three years which is certainly not the prudent way of computing the projected requirement of fertilizers by the States. Needless to say, it is absolutely essential that the requirement of fertilizers is computed as accurately as possible. Any variation in the projection of requirement of fertilizers may upset the whole process of planning involved in production, import, transport and timely distribution of fertilsers to the farmers and ultimately may adversely affect the agriculture productivity of the country. On the contrary, if the demand is over estimated, the same may force the Government to go for unnecessary import of fertilizers and in the process, the same may result in outgo of precious foreign exchange. In view of the foregoing, the Committee recommend that methodology being adopted for computing requirement of fertilizers of various States may be comprehensively reviewed and a methodology based on scientific approach may be adopted for realistic assessment of requirement of fertilizers. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

REPLIES OF THE GOVERNMENT

2.3 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"1. The requirement of fertilizers is governed by various factors viz. types of crop, area under the crops, soil health/fertility status. The general recommended doses of fertilizers per unit area basis (generally kg/hectare) are formulated for every crop by State Agriculture Universities/Indian Council of Agriculture Research (ICAR) institutes depending on the soil health/fertility status. (In other words, the recommended dose for a particular crop sown in soil having low fertility status will be different in soils having medium/high fertility). The total requirement of fertilizers for a particular crop is then worked out by multiplying the recommended dose with the total area under the said crop.

This Ministry requested ICAR to carry out the detailed analysis of the requirement of fertilizers based on recommended dosages for all the major fertilizer consuming States namely Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Haryana, Punjab, Uttar Pradesh, Bihar, Odisha, Jharkhand, West Bengal.

Ideally, the requirement of fertilizers shall be as per recommended doses. However, while assessing the requirement of fertilizers for a state, the consumption trend/capacity of the state in previous seasons is also taken in to account. If the consumption in previous seasons is more than the recommended dose, then the requirement should be ideally restricted up to the recommended quantity. If the consumption is less than the recommended dose, the consumption shall be increased up to the recommended quantity to arrive at the required quantity. It is also a matter of fact that the consumption of fertilizers is also governed by the financial capacity of the farmers and hence, cannot be increased suddenly. Therefore, the consumption trend in previous seasons also becomes one of the important factors while assessing the requirement of fertilizers.

The proformas for assessment of requirement of fertilizers have been devised by this Ministry by taking into account all the above said factors. Agro scientists of ICAR are also involved in the process of assessment of requirement of fertilizers.

2. In case of P&K (DAP, MOP and NPK etc.) fertilizers, high prices P&K fertilizers may be one of the major reasons for actual consumption being less than the assessed requirement rather than the deficiency in the adopted methodology.

It may also be pertinent to mention here that in case of P&K fertilizers, the assessed requirement is already being kept less than the recommended quantities keeping in view of the above stated fact.

3. To promote soil test based judicious use of fertilizers, Government of India has launched Soil Health Card (SHC) scheme in the year 2015-16. The guidelines of the scheme have been prepared in consultation with the scientists of ICAR. Under the scheme, the soil samples will be collected from a grid of 2.5 hectare in irrigated area and 10 ha in rainfed area. The soil samples will be tested for 12 parameters namely primary (NPK) nutrients, secondary (S) nutrient, micro nutrients (B, Zn, Mn, Fe & Cu), and others (pH, EC & Organic Carbon). Based on the analysis of soil samples, the Soil Health Cards containing information on fertiliser recommendations will be generated for all the 14 crore landholdings in the country.

For implementation of the scheme, Soil Health Card portal in consultation with ICAR scientists has also been developed. The test results of the soil samples will be entered in the portal. State-wise Soil Test-Crop Response (STCR) formulae developed by ICAR or crop-wise General Fertilizer Recommendations (GFR) will also be entered in the portal. Based on the soil test results and STCR formulae/GFR, fertilizer recommendations will be calculated by the system automatically.

Since the soil fertility gets changed in a time period of 3-4 years, therefore, the cycle of issue of SHCs will be repeated every three years. The first cycle of issue of SHCs has been planned to be completed by the end of the year 2017-18.

The data on landholding-wise fertilizer recommendations, available in the portal, would be utilized to project the state-wise total requirement of fertilizers. This will lead to more precise and realistic assessment of requirement of fertilizers based on scientific methodology."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.7 and 1.8 of Chapter-I of the Report)

C. Need to ensure availability of adequate no. of rakes for movement of fertilizers, the Committee had recommended as under

RECOMMENDATIONS Sl. No.4

3.3 Emphasizing the need to ensure availability of adequate no. of rakes for movement of fertilizers, the Committee had recommended as under:-

AVAILABILITY OF RAKES FOR MOVEMENT OF FERTILIZERS:

"The Committee were further informed that on an average, 45 rakes per day are required for movement of fertilizers including imported fertilizers. However, loading and unloading time in most of the States is much more than the stipulated time of 9 to 10 hours as pointed by the Ministry of Railways during the zonal conference held for assessment of requirement of fertilizers for Kharif 2015. The Committee feel that the timely supply and movement of fertilizers to the various parts of the country largely depends upon the adequate number of railway rakes and its speedy loading and unloading at origin and destination points. It is, therefore, imperative for the Department to monitor and coordinate with Ministry of Railways ensuring availability of adequate number of rakes for timely and smooth movement of fertilizers from ports/plants to the States. It is also essential that the indents for railway rakes are timely placed by the State Governments in compliance with monthly supply plan issued by the Department. Further, loading and unloading operations are facilitated in the minimum possible time to maintain continuous flow of rakes especially in peak consumption time. The Committee, therefore, recommend that a mechanism may be put in place by the Department to monitor and coordinate with Ministry of Railways to ensure availability of adequate number of rakes for timely and smooth movement of fertilizers. Further, the Committee also recommend that the State Governments may also be urged to facilitate the loading/unloading operations in the minimum possible time. The Committee would like to be apprised of the action taken by the Department in this regard."

REPLY OF THE GOVERNMENT

2.4 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under:-

"In this regard, it may be stated that Department of Agriculture, Cooperation & Farmers Welfare) (DAC&FW), Department of Fertilizers(DoF), M/o, Railways (Railway Board) all State Governments & all fertilizers supplying Companies are closely associated with each other at every stage of fertilizers movement i.e. right from season-wise assessment to delivery at destinations. In the assessment stage, all the above stake holders take part. Thereafter, monthly requirement and daily availability of rakes for smooth supply of fertilizers are monitored in close coordination with each other. State Govts., M/o Railways, DAC&FW & all Companies are provided supply Plan in advance for monthly planning. Information regarding daily rake movement to various destination is given in Department website. Similarly stock at port & its movement are also monitored on daily basis. Apart from this weekly Video conference (VC) is conducted jointly by DAC&FW, DoF. M/o Railways (Railway Board), with all State Govts. Following the VC and feedback from Sates corrective measures are taken for smooth movement & adequate availability for rakes at all over the country. Therefore, it may be stated that all arrangement are in place for rake movement & availability. The system is working well. However, detention of rakes at some loading & unloading points is an issue which has been taken by this department regularly with all concerned. Secretary, DoF has already taken up the matter with all State Govts./companies to reduce the detention period. The situation is improving. In the beginning of the year the average detention period was much higher than the present situation. However, as desired again a letter from Secretary (F) to all States Govts./ Companies has been issued emphasiging the need for reducing the detention period further during loading & unloading of fertilizers' rake."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.14 of Chapter-I of the Report)

D. Need to ensure transportation of fertilizers by the companies to the last mile i.e. retailer

RECOMMENDATIONS SL. NO.5

2.5 Emphasizing the need to ensure transportation of fertilizers by the companies to the last mile i.e. retailer, the Committee had recommended as under:-

TRANSPORTATION OF FERTILIZERS

"The Committee note that the Department of Fertilizers reimburse the freight subsidy to the fertilizer companies for delivering it to the retailer and finally to the farmers. It is, therefore, the responsibility of the company to transport the fertilizer to the retailer at any corner of the block/district. However, it has been brought to the notice of the Committee that certain companies are not transporting the fertilizers to the last mile i.e. retailer and asking the retailer to take it on its own. The Committee feel that it should be the responsibility of the company to transport the fertilizers to the retailer and ultimately for distribution to the farmers for its usage and the Department should take stringent action against those companies which fail to transport the fertilizers to the retailer. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

The Committee also note that the fertilizers are transported to the district through railways and thereafter the same are transported by road from district to the retail shopkeepers. The Department reimburses the cost of freight to the companies. The Committee were informed that there is uniform freight rate for every district fixed by the Department. The average distance between the district and the block is worked out so that the freight cost is reimbursed with uniform rate with in the district. Rate of freight is revised every year keeping in view in inflation in transport index. However, the Committee could not understand the rationale behind working out average distance between the district and the blocks for payment of road freight. The Committee are of the view that the road freight being paid at a uniform rate irrespective of distance does not seem to be rationale or logical. Companies are not inclined to transport the fertilizers to its last destination, particularly in far flung areas unless they are reimbursed road freight on the 43 basis of actual distance. The Committee, therefore, recommend that the existing mechanism being followed by the Department for reimbursement of road transport of fertilizers from district to the blocks on the basis of average distance and price may be revisited so that expenses incurred on the basis of actual distance of road transport are reimbursed to the companies as being reimbursed in the case of rail transport. The Committee would like to be apprised of the initiatives taken by the Department in this regard."

REPLY OF THE GOVERNMENT

2.6 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Before the Uniform Freight Scheme (UFS) the freight subsidy for each fertilizer units was different and based on a fixed freight element. For indigenous urea units, railway freight was paid on actual and the road freight on the basis of actual leads up to the

district level (primary godowns) and a normative per KM rate. Beyond the primary godowns, the secondary freight was paid on the basis of average leads and normative per KM rate. It implies that actual freight was paid up to the district level and a normative freight beyond that point to the block for each fertilizer units.

Reasons for Uniform freight Scheme

Under the policies before UFS, the freight subsidy for each fertilizer was different and mostly with a fixed freight element. Resultantly, the manufacturers and importers were having a tendency to sell fertilizers in areas close to their production/import facilities to keep their freight expenditure within the fixed freight element available. Besides, the rising transportation costs further limited their ability to send fertilizers to distant/remote corners of the country. This was resulting in temporary shortages in availability of fertilizers especially in remote pockets of the country.

It was evident that a fixed freight regime was not serving the objective of easy availability of subsidized fertilizers. Accordingly, a proposal for a Uniform Freight Policy for all subsidized fertilizers was discussed in the meeting of the Group of Ministers (GOM) held on 12th February, 2008 as one of the measures towards restructuring of fertilizer subsidy and promoting easy accessibility of subsidized fertilizers. The GOM supported the proposal and gave its 'in principle' approval. Therefore, it was proposed to move towards a uniform freight subsidy regime for all subsidized fertilizers.

The Uniform freight policy was introduced to arrive at a working arrangement that is fair to the industry and meet the prime objective of ensuring easy availability in an environment of optimized distribution system. It was a simple calculation for the companies and the department since the district wide leads were calculated, and the rates were standardized. The freight was proposed to be paid on the basis of receipt of fertilizers in the districts as per the approved movement plan.

In addition to above, the reimbursement of actual freight rates to the urea manufacturing companies instead of uniform rates will also be not feasible due to the following:

i. There will not be uniformity in the lead distances of the particular district and it is likely that there would be a wide variation in the actual freight claims submitted by the companies which will hamper the proper & effective administration of the bills and subsequent subsidy reimbursement. The administration of such variety of lead distances, bill claims & subsidy reimbursement will require huge man power. At present, the rates and lead distances have been uploaded in FMS and bills can been generated through system, which is easier to handle.

ii. Moreover, the per tonne per KM (PTPK) rates recommended by the Tariff Commission is based on the scientific study conducted by them."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.17 of Chapter-I of the Report)

CHAPTER-III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

-- NIL--

CHAPTER-IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

A. NEED TO ENSURE JUDICIOUS USE OF FERTILIZERS BY THE FARMERS

RECOMMENDATIONS SL. NO.10

1.30 Emphasizing the need to ensure judicious use of fertilizers by the farmers, the Committee had recommended as under:-

OVER USAGE OF FERTILIZERS BY THE FARMERS:

The Committee note with concern that the urea is being utilized by the farmers in excessive quantity as result of which the fertility of soil has degraded. It was brought to the notice of the Committee that the soil of various States like Punjab, Haryana, Andhra Pradesh has degraded due to over usage of urea. In this regard, the Department explained to the Committee that urea is being used by farmers extensively particularly due to the fact the urea is inexpensive as compared to phosphate and potash fertilizers. It is, therefore, imperative that the farmers are educated on this aspect for which vigorous awareness campaign needs to be launched through the country by the Department in consultation with all stakeholders. About the steps being taken by the Department to check adverse effect of over usage of urea, the Committee were informed that Soil Health Card Scheme has been started by the Ministry of Agriculture from April, 2015 under which Soil Health Cards to 14 crore holdings will be given in three years. These cards will indicate the shortcomings of micro nutrients or NPK and will also contain recommendations to be followed by the farmers. After every three years, the Card will be renewed to get the fresh status of soil fertility. The Committee are of the view that soil Health Cards are absolutely essential to help the farmers to use the fertilizers judiciously not only for increasing the productivity and production of the crops but also to stop degradation of soil health of their 47 fields. The Committee were of the view that the Soil Health Card should also reflect various other factors like land holdings, cropped area, irrigated area, etc., which would help in assessment of requirement of fertilizers and also would be helpful in determining the entitlements and preparing the data bases of the beneficiaries to facilitate direct payment of subsidy to the farmers. It is, therefore, imperative that vigorous efforts may be made to expedite the process of grant of Soil Health Cards to the farmers. In this regard all the States should be urged to involve Agriculture universities/colleges of their State so that these Cards could be issued to the farmers in a time bound manner. The Committee, therefore, recommend that the Department should pursue with Ministry of Agriculture and States Government to take appropriate measures so that Soil Health Cards are issued to the farmers with in a targeted time frame. The Committee would like to apprised of the initiatives undertaken by the Department in this regard.

The Committee were also informed that a policy decision has been taken by the Department to go for 100% production of neem coated urea which will be compulsory for all fertilizers companies and importers as well. According to the Department, neem coated urea will increase nitrogen efficiency and hence less demand of urea by the farmers. This will increase crop yield by 4-6% and the profitability of farmers. It also acts as bactericide and pesticide. At the same time neem coated urea could not be used by industries for nonagricultural purposes. The Department has also taken steps

to simplify the procedure for the industrialists to import urea without taking permission of the Department or DGF. As a result of these steps, the industrialists will not try to purchase urea from farmers for nonagricultural purposes. The Committee were also informed that the Department gives lot of encouragement in agri extension activities under which demonstration about the usage of fertilizers are given in front of the farmers. For usage of neem coated urea, the fields of farmers are actually taken over and utilized to demonstrate the fact that yield of the crop increases by 4-6% by utilizing neem coated urea. Kishan Melas are also being organized where farmers are given free training as to how to use fertilizer in a better manner. However, the Committee strongly feel that the steps taken by the Department are not enough as a large number of farmers in the entire country still remain uneducated and untrained in the judicious use of fertilizers. The Committee, therefore, recommend that sustained and vigorous awareness campaign through electronic and print media should be made by the Department in coordination with Department of Agriculture and Cooperation and other stake holders. The Committee also desire that the Department in coordination with State Governments should set up demonstration centers in each State to provide extensive training to the farmers in judicious use of fertilizers. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

REPLY OF THE GOVERNMENT

1.31 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Soil Health Card (SHC) scheme, launched in year 2014-15, aims to cover all 14 crore holdings in the country to promote science based soil health management practices. Under the scheme, a total of about 2.53 crore soil samples are required to be collected and tested to generate about 14 crore Soil Health Cards (SHC) to individual farmers in a cycle of 3 years. Since the soil fertility gets changed in a time period of 3-4 years, therefore, the cycle will be repeated every three years. The first cycle is planned to be completed by the end of the year 2017-18.

The progress of the scheme is monitored on weekly basis through video-conference with the States. The States have been advised to involve KVKs and State Agricultural Universities/Colleges and farmer friends in implementation of the scheme. Central funds for the financial year 2015-16 have been released to the States. District-wise mapping of target and resources has been given to the States and they have been advised to deploy manpower for time bound implementation of the scheme.

The data on land holdings, cropped area and irrigated area will also be reflected in Soil Health Cards which would help in assessment of requirement of fertilizers and preparing data base of beneficiaries.

The Ministry is using print/electronic media to spread awareness about benefits of judicious use of fertilizers. Audio-Video Spot on "Judicious Use of Fertilizers'', in Hindi and regional languages, is being telecast through the National and Regional channels.

To educate farmers about balanced use of fertilisers, a target of 580 farmers' trainings has been kept under the SHC scheme in the financial year 2015-16.

IEC campaign is being planned in consultation with DAVP. Print advertisements/video spots/audio spots etc are being prepared for various schemes e.g. balanced use of fertilisers through SHC scheme and benefits of use of neem coated urea."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.32 of Chapter-I of the Report)

CHAPTER-V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

A. Need to ensure sealing of trucks transporting fertilizers to avoid any chance of pilferage.

RECOMMENDATIONS Sl. No.3

5.1 Emphasizing the need for sealing of trucks transporting fertilizers, the Committee had recommended as under:-

SUPPLY PLAN /MOVEMENT OF FERTILIZERS:

"The Committee note that the Department of Fertilizers prepares agreed monthly supply plan of all the fertilizers in consultation with the manufacturers and importers as per Fertilizer (Control) Order, 1985 (FCO). However, as per Fertilizer (Movement Control) Order,1973, the Department of Fertilizers is empowered to direct fertilizer suppliers to supply their 50% of Urea, 20% of Phosphatic and Potassic fertilizers (P&K) produced or imported in India to any particular area. The agreed monthly supply plan is generally issued before 25th of each month for the next month. The fertilizers are mainly transported through railways and for this purpose directions are issued to all suppliers to maintain 80:20 ratio i.e. 80% of the total quantity to be moved through railways and 20 % by road. The guideline for maintaining rail/road coefficient of 80:20 for urea is for reduction in cost of transportation as the cost of transportation by rail is substantially lower than the cost of transportation by road. However, road movement is permitted up to 500 Kms keeping in view the local requirements. However, this guideline is not area specific and is not strictly adhered to for the sake of equal distribution of fertilizers at every corner of the country. During the course of evidence, the Committee were informed that while railway wagons transporting fertilizers are completely sealed, trucks transporting fertilizers are not sealed and the same are covered simply by tarpaulin which are tied by ropes. The Committee are not convinced with the explanation of the Department that quantity supplied by road is too less to pilferage. The Committee apprehend that in the absence of any seal on trucks transporting fertilizers may lead to pilferage or cause adulteration of fertilizers on the way by unscrupulous elements. The Committee, therefore, recommend that the trucks transporting fertilizers may also be sealed as per the procedure being followed in the context of railway wagons, to avoid any chance of pilferage or adulteration of fertilizers on the way to its destination by unscrupulous elements. The Committee would like to be apprised of the action taken by the Department in this regard."

REPLY OF THE GOVERNMENT

5.2 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under:-

"As desired, all Companies supplying fertilizers have been requested to work out the modalities for sealing the trucks transporting fertilizers."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.11 of Chapter-I of the Report)

B. Need to explore the possibilities of transportation of fertilizers using inland water ways

RECOMMENDATIONS SL. NO.6

5.3 Emphasizing the need to explore the possibilities of transportation of fertilizers using inland water ways, the Committee had recommended as under:-

MOVEMENT OF FERTILIZERS THROUGH INLAND WATER WAYS:

The Committee further note that Department of Fertilizers has started to experiment to transport fertilizers using inland water ways and the Ministry of Shipping had also circulated the cabinet note in this regard. The Committee feel that transportation of fertilizers through water ways at coastal areas would be comparatively less costly, safer and environment friendly and therefore, the Department in coordination with Ministry of Shipping should explore all possibilities of using the inland waterways for transportation of fertilizer in the Country expeditiously. The Committee would like to be apprised of the progress made in this regard.

REPLY OF THE GOVERNMENT

5.4 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"Department of Fertilizers conducted a trail run for movement of fertilizer through National Waterway-1 (NW —1) Le. the Ganges basin stretches between Allahabad to Haldia where Phulpur 1FFCO urea plant (close to Allahabad) and TCL Hadia complex plants are located. This is an ideal situation for the multimodal operator to take the advantage of cross-trade in undertaking upstream movement of complex fertilizers from Haldia to the states of West Bengal, Orissa, Bihar and part of UP and reverse movement of Phulpur urea on the same route. However, the trail run of fertilizers through NW-1 was not successful due to substantial delay (i.e. more than six months) in moving just one rake load each of complex fertilizers and urea up and down NW-1, between Haldia- Patna stretches due to poor navigability in NW-I, water draft restriction (inadequate water on NW-I), number of bends in the NW-1 between Haldia - Patna Sector and inadequate arrangement at the jetty points for loading or unloading cargo. Moreover, the trial run was expensive and Government had to additional expenses of about Rs. 80 Iakh on moving such a small quantity, due to trans-shipment, hiring of tugs, multiple handling & storage cost, poor arrangement at origin/ destination for loading/ unloading cargo etc. Thus the movement of fertilizers through inland waterway will be viable and economical only when the waterway is made navigable on the entire stretch of NW-1, with adequate water draft (at 'east 2.5 meters), lesser bends and adequate arrangement at the jetty points for loading or unloading cargo. Department of Fertilizers (DOF) has already adopted coastal shipping mode of transportation, for movement of fertilizer through coastal route in containers as well as break bulk vessels, admissible under the present fertilizer freight subsidy policy and necessary notification to this effect was issued to all concerned way back during July, 2013. Thus as on date, the fertilizer companies are free to utilize this mode of transportation to supplement the rail & road movement, provided it is economical and efficient enough to meet the urgent requirement of fertilizers during peak agriculture seasons. The decontrolled complex fertilizer units which are import dependent are located at the Indian coastline and are exploring the

possibility of adopting the movement of fertilizers through coastal routes. However, the fertilizer companies have not ventured to utilize the coastal mode of transportation in larger perspective. Integration of River- Sea Vessel' (RSV) for movement of fertilizers through coastal route to inland water ways for reducing/ eliminating road bridging, multiple handling, storage etc. in reaching the fertilizers upto the end users in some of the States! Districts, falling on the coastline and river banks, would be an ideal situation for coastal movement of fertilizers. DOF in consultation with Ministry of Shipping have organized meetings with the fertilizer companies to encourage coastal movement of fertilizers in larger scale."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.20 of Chapter-I of the Report)

C. Need for strict monitoring of decontrolling the movement of fertilizers.

RECOMMENDATIONS SL. NO.7

5.5 Emphasizing the need for strict monitoring of decontrolling the Movement of Fertilizers, the Committee had recommended as under:-

DECONTROL ON MOVEMENT OF FERTILIZERS

"The Committee note that the movement of fertilizers is being decontrolled by the Government from April 2015. According to the Department, this will result in competition amongst the fertilizer companies making the fertilizers more affordable to farmers increasing consumption and production. However, the Committee are of the view that that decontrolling of movement of fertilizer may have its adverse effect as the fertilizer companies would like to go and supply fertilizers only in those areas which are accessible and would not be very much inclined to go to far flung and inaccessible areas like in hilly and north-east areas of the country. The Department in this regard explained that freight subsidy has now been merged with nutrient based subsidy and it is now not necessary to issue the movement plan. Earlier one company was asked to go to a particular area but under the decontrolled regime, several companies can go to sell fertilizers at competitive rates. According to the Department, this will result in availability and decrease in the rates of DAP and MOP. Further, a separate rate of freight subsidy has been given to difficult area like in North Eastern States, Himachal Pradesh, Uttarakhand and Jammu & Kashmir. Moreover, under Fertilizer (Movement Control) Order, 1973, the Department of Fertilizers can adopt legal recourse to force the companies to supply fertilizers to any particular area. In view of the foregoing, the Committee recommend that the movement of fertilizers under the decontrolled regime may be strictly monitored ensuring availability of adequate quantity of fertilizers to all the farmers of the country with special attention towards remote and inaccessible areas of the country."

REPLY OF THE GOVERNMENT

5.6 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"The Cabinet had accorded approval for merger of freight subsidy with product subsidy in respect of P&K fertilizers under NBS Scheme. The Cabinet decision for merger of freight subsidy with product subsidy was to be implemented along with decontrol of movement of supply plan. However, in the process of notification of the

decision of the Cabinet, few states including Haryana and Punjab had raised the apprehensions that the decision will affect availability of P&K fertilizers and increase prices of these fertilizers.

After discussions with the various States, it was decided to take up the matter with the Cabinet for review of the decision. Inter Ministerial consultation, is being done and the matter is under consideration. At present the existing system of separate payment of freight subsidy and product subsidy and issue monthly supply plans for movement of P&K fertilizers are continuing."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.23 of Chapter-I of the Report)

D. Need to strengthen the monitoring mechanism and ensuring smooth movement of fertilizers.

RECOMMENDATIONS SL. NO.8

5.7 Need to strengthen the monitoring mechanism and ensuring smooth movement of fertilizers, the Committee had recommended as under:-

MONITORING OF FERTILIZERS MOVEMENT AND DIRECT SUBSIDY TO THE FARMERS

"The Committee note that the movement of all major subsidized fertilizers is monitored throughout the country by an online web based monitoring system (www.urvarak.com) which is also known as Fertilizers Monitoring System (FMS). With the help of this System, it is possible to track the movement of fertilizers up to the district level at the click of the mouse. The companies are able to use the system for both tracking their movement as also subsidy bill processing. The system is operational 24 X 7 and daily production/import data, its dispatch to the districts, receipt thereafter are captured. The Department has also developed mobile Fertilizer Monitoring System (mFMS) to upgrade the existing FMS to capture the availability of fertilizers at various points in supply chain below the district. The mFMS captures the sales made by Companies and wholesalers to the retailers and also the confirmation of receipt by the wholesalers and retailers. It is being implemented in the phased manner. So far mFMS is being implemented in 2 phases, i.e. Phase-I- Information visibility till the retailer's level where part subsidy is disbursed to the manufacturers on the basis of the information of retail acknowledgment reported in mFMS and Phase-II- part subsidy payment to the manufacturers on the basis of the information of retailer sales of fertilizers captured in mFMS. Phase I which is made operational from 1st November,2012 is being rolled out through all the registered fertilizers manufacturers (116), wholesalers (22000) and retailers (1.90 lakhs) across the country. Phase I is approaching stabilization. For Phase II, it was decided to conduct pilot before its implementation across the country and accordingly, pilot project was launched in 6 districts in various States in country on 1st August 2013 with the help of 6 Lead Fertilizer Suppliers (LFS) of the concerned States. However, on the basis of feedback reports from 6 LFS, the Department has decided to discontinue Phase II pilot implementation as it was not found sustainable for country wide roll- out and mFMS Phase II has been suspended w.e.f. April 2015. However, the Department is contemplating to implement a USSD (Unstructured Supplementary Service Data) based application in consultation with DAC to capture the sales made by retailers in

the mFMS application. The solution being prepared by NIC for the purpose is in final stages of testing and will be launched soon for use by retailers. It was also informed that the farmers will be able to operate the new software in their local 45 languages. Phase III and Phase IV have been kept on hold as per the decision taken on 6.6.13 as there are problems in targeting, determining entitlements and preparing beneficiary databases and therefore, Direct Benefit Transfer (DBT) is being kept away from fertilizers for the moment. However, the Committee were informed that the Department is working on a roadmap to capture the details/unique IDs of farmers so that sales data can also be captured and subsidy can be transferred to farmers' accounts directly. A separate department Mission Directorate (DBT) has been opened for the purpose and districts of Gujarat and Odisha are being selected to go for pilot project. The Committee were also informed that the Department is also exploring the applicability of Barcode/RFID based solutions to track end to end movement of fertilizer in the entire supply chain. While taking note of the initiatives undertaken/contemplated by the Department to monitor movement of fertilizers as well as to reform subsidy disbursement mechanism, the Committee recommend that the initiatives undertaken by the Department may be intensified and made time bound in coordination with State Governments to strengthen the monitoring mechanism ensuring timely and smooth movement of fertilizer to the farmers and disbursement of the benefit of subsidy directly to the beneficiaries in a transparent manner at the earliest. In this regard, the Committee desire that the development of USSD based application to capture the sales made by retailers in the mFMS application may be expedited. The Committee hope and trust that this would help the farmers to get all information about the availability of fertilizers in retail shop without going elsewhere, in their local languages as assured by the Department during the course of evidence. The Committee also recommend that the applicability of Barcode/RFID based solutions to track end to end movement of fertilizer in the entire supply chain may also be explored and expedited with in fixed time frame. The Committee would like to be apprised of the progress made in this regard."

REPLY OF THE GOVERNMENT

5.8 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

"A brief update on the recent developments in Monitoring of Fertilizer Movement and Direct subsidy to Farmers:

1. USSD based application for capture of Retailer Sale: USSD application has been development by NIC in consultation with DAC. The application is being examined by DoF for its technical and financial feasibility to be implemented at retailer level.

2. Tracking of Fertilizer Bags through RFID/ barcode based solution: The department explored feasibility to track the fertilizer bags through RFID/ barcode based solution. After analysis, it has emerged that the adoption of RFID/ barcodes in fertilizer supply chain is cumbersome due to the multiple transit points in supply chain and physical handling of bags. Furthermore, the size and dimension of fertilizer bags is not practically suitable for barcode based tagging and RFID technology is costly to implement and maintain.

In view of above, the Department has decided to drop the above approaches for extending the supply chain monitoring up to the Retailers and farmers. However, Department is working closely with Mission Directorate (DBT) to implement DBT in fertilizers."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.26 of Chapter-I of the Report)

E. Need to curb unscrupulous activities of smuggling and black marketing of subsidized fertilizer its Diversion for nonagricultural purposes.

RECOMMENDATIONS SL. NO.9

5.9 Emphasizing the need to curb unscrupulous activities of Smuggling /Black marketing of subsidized fertilizers or its Diversion for nonagricultural purposes, the Committee had recommended as under:-

> **SMUGGLING /BLACK MARKETING OF SUBSIDIZED FERTILIZERS OR ITS DIVERSION FOR NONAGRICULTURAL PURPOSES:**
>
> "The Committee note that the prices of fertilizers in the country is substantially less as compared to neighbouring countries which is primarily due to grant of subsidy on fertilizers. As a result of this, substantial quantity of fertilizers is smuggled through border areas to the neighbouring counties. One of the efforts being made by the Department is that the demand of fertilizers of the neighbouring country is met by the Government which is supplied to them at full price in order to check the outgo of subsidized fertilizers meant for Indian farmers. As the Department has no mechanism in the field, letters are also being written to BSF, Coast Guards , Custom and State Governments time and again to check 46 smuggling of fertilizers to the neighboring countries. However, the Committee are not satisfied with the explanation given by the Department on the issue and strongly feel that simply by writing letter to the authorities concerned would not be enough to check the menace of smuggling and black marketing of subsidized to the neighboring countries. The Committee are of the considered opinion that the Department, being the nodal authority, should take initiatives and hold regular meetings with all the authorities concerned including State Governments and they should be made responsible to check the smuggling of fertilizers effectively as otherwise they should face strict action under the law. Further, a mechanism should also be developed that where companies and dealers are also made responsible if they are involved in smuggling or black marketing of fertilizers. In this context, the Committee also desire that the Department should also find out the feasibility of establishing vigilance cell in every state to inspect the depots of companies or dealers on regular basis with a view to ensure that the fertilizers are being sold/supplied to the farmers and also to curb unscrupulous activities of smuggling and black marketing of subsidized fertilizer. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

REPLY OF THE GOVERNMENT

5.10 In reply to the aforesaid recommendation of the Committee, the Department of Fertilizers has stated as under :-

> "Govt. of India has notified Fertilizer (Control) Order, 1985 & Fertilizer (Movement Control) Order, 1973 under Essential Commodities Act, 1955 and all State Govts. have been empowered to take punitive measures against the person, who indulge in diversion, black marketing & smuggling of fertilizers. Apart from this, Ministry of Home Affairs, Central Board of Excise & Customs are mandated to curb diversion & smuggling. Therefore, Department of Fertilizers has been writing frequently to all State Govts./MHA/CBE&C emphasizing the need for taking appropriate action to curb

these illegitimate activities. Department of Industrial Policy & Promotion (DIPP) has been requested to identify the industries which consume urea as raw material.

State Govts. have been asked to report the cases category-wise like diversion, smuggling & black marketing. Report is awaited.

As has been stated above DoF has from time to time writing to all Chief Secretaries, M/o MHA and CBEC to activate the enforcement agencies under their jurisdiction because they have the local machinery and wherewithal to ensure adequate availability of fertilizers at reasonable prices to the farmers and also to keep strict vigil to stop black marketing, smuggling & diversion which may not be possible for DoF.

Regarding establishing vigilance cell in every state to inspect the depots of companies of dealers on regular basis, it may be stated that under FCO,1985, all State Govts. have been empowered to establishing enforcement authorities for implementation of various proviso of FCO and for taking appropriate action to curb all illegimate activities in respect of fertilizers."

COMMENTS OF THE COMMITTEE

(Please *see* Para No. 1.29 of Chapter-I of the Report)

NEW DELHI;
18 FEBRUARY, 2016
29 PHALGUNA, 1937 (SAKA)

(ANANDRAO ADSUL)
CHAIRPERSON
STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS

Appendix – I

MINUTES

MINUTES OF THE SIXTYH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16)

The Committee sat on Thursday, the 28th January, 2016 from 1200 hrs. to 1230 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Anandrao Adsul - Chairperson

MEMBERS

LOK SABHA

2. Smt. Anju Bala
3. Smt. Veena Devi
4. Shri R. Dhruvanarayana
5. Shri K. Ashok Kumar
6. Shri S. Rajendran
7. Shri Chandu Lal Sahu
8. Dr. Uma Saren
9. Shri Tasleem Uddin
10. Smt. Rekha Arun Verma

RAJYA SABHA

11. Dr. M. S. Gill
12. Shri Narayan Lal Panchariya
13. Dr. Sanjay Sinh
14. Shri Palvai Govardhan Reddy
15. Shri Mansukh L. Mandaviya

SECRETARIAT

1.	Smt. Rashmi Jain	-	Joint Secretary
2.	Shri A.K. Srivastava	-	Director

2. At the outset, the Hon'ble Chairperson welcomed the members of the Committee.

3. The Committee thereafter took up for consideration the Two Action Taken Reports on the subjects 'Movement of Fertilizers and Monitoring System' (Department of Fertilizers) and 'Functioning of National Institutes of Pharmaceutical Education and Research, (NIPER)' of the Ministry of Chemicals and Fertilizers (Department of Pharmaceuticals).

4. While the draft ATR on the subject 'Movement of Fertilizers and Monitoring System' was adopted without any modification or amendments, the draft ATR` on the subject 'NIPER' was adopted by the Committee with minor modifications.

5. The Committee authorised the Chairperson to make consequential changes, if any, arising out of the factual verification of the Action Taken Reports by the Department of Fertilizers and Department of Pharmaceuticals of the Ministry of Chemicals and Fertilizers.

The Committee then adjourned.

Appendix – II
(*Vide* Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE ELEVENTH REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16) ON 'MOVEMENT OF FERTILIZERS AND MONITORING SYSTEM' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS).

I	Total No. of Recommendations	10
II	Observations / Recommendations which have been accepted by the Government: (*Vide* Recommendation Nos. 1,2,4 and 5)	4
	Percentage of Total	40 %
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply: (*Vide* Recommendation No. Nil)	0
	Percentage of Total	0%
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee:- (*Vide* Recommendation No.10)	1
	Percentage of Total	10 %
V	Observations / Recommendations in respect of which final replies of the Government are still awaited:- (*Vide* Recommendations No.3, 6, 7, 8 and 9)	5
	Percentage of Total	50 %